



U.S. Department of Agriculture



Office of Inspector General  
Great Plains Region

# **Audit Report**

## **Food and Nutrition Service National School Lunch Program Platte County R-III District Platte City, Missouri**

Report No. 27010-21-KC  
March 2004



UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF INSPECTOR GENERAL - AUDIT  
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DATE: April 15, 2004

REPLY TO  
ATTN OF: 27010-21-KC

SUBJECT: National School Lunch Program – Platte County R-III District,  
Platte City, Missouri

TO: Darlene Barnes  
Regional Administrator  
Food and Nutrition Service  
1244 Speer Boulevard, Suite 903  
Denver, CO 80204

This report presents the results of the subject audit. Your written response, dated February 5, 2004, to the official draft report has been incorporated into the Findings and Recommendations section of the report, where appropriate. The text of the response is attached as exhibit D. Your reply expressed general agreement with the recommendations; however, we were unable to reach management decisions on any of the recommendations. The Findings and Recommendations section of the report explains those actions necessary for us to consider management decisions on Recommendations Nos. 1, 2, 3, and 4. In general, we will need to be advised of the specific actions completed or planned, along with acceptable dates for completing the proposed actions. In addition, the costs for unaccounted commodities must be recovered or credited to the local school authority.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing corrective actions taken or planned and the timeframes for accomplishing final action. Please note that the regulation requires management decisions to be reached on all findings and recommendations within 6 months from the date of report issuance and final action should be completed within 1 year of management decision.

We appreciate the assistance provided to us during our review.

/s/

DENNIS J. GANNON  
Regional Inspector General  
for Audit

# ***Executive Summary***

## ***Food and Nutrition Service, National School Lunch Program, Platte County R-III, Platte City, Missouri (Audit Report No. 27010-21-KC)***

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### **Results in Brief**

This report presents the results of our audit of the National School Lunch Program (NSLP),<sup>1</sup> as operated by Platte County R-III District. This district served as the local school food authority (SFA) under an agreement with the Missouri Department of Elementary and Secondary Education, which served as the State agency. The United States Department of Agriculture's (USDA) Food and Nutrition Service (FNS) served as the funding agency. For school year 2001/2002 operations, the SFA claimed about \$101,000 in FNS reimbursement and about \$3,000 in State agency reimbursement.

Our objectives were to evaluate the SFA's meal accountability, procurement, accounting systems, and management controls that were designed to provide reasonable assurance as to the accuracy of its meal claims and reimbursement for school years 2001/2002 and 2002/2003.

We found that the SFA did not effectively monitor its contracted Food Service Management Company (FSMC). The SFA did not establish internal controls to ensure the SFA received full credit for USDA commodities used by the FSMC for the operation of the NSLP. As a result, the SFA did not receive credit for USDA commodities valued at approximately \$8,000. The SFA's internal controls were also not adequate to ensure that reimbursement claims were accurate. The SFA also did not perform required annual onsite reviews. In addition, vending machines that contained foods of minimal nutritional value were located in the lunch serving area. The report also contains a general comment that the SFA's accounting procedures did not include crediting a pro rata share of interest earned from investments to the food service account.

### **Recommendations In Brief**

We recommended that FNS instruct the State agency to require the SFA to perform beginning and ending inventories of commodities and develop procedures to ensure that the FSMC provides credit for the value of commodities used. In addition, we recommended FNS require the State agency, SFA, and FSMC to reconcile the total commodities used during the 2002/2003 school year to ensure the SFA is properly credited for the commodities valued at over \$8,000 or the final amount determined through the reconciliation process. The State agency should encourage the SFA to prevent overrides of controls designed to prevent claiming more than one meal per day per student, perform the annual onsite reviews, and eliminate foods that are in competition with the school lunch program during meal serving times.

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<sup>1</sup> Also includes the School Breakfast Program (SBP).

**FNS Response**

Although agency response showed FNS officials generally concurred with the recommendations, it did not provide sufficient information to reach management decisions on any of the recommendations. We made minor editorial changes to the report to reflect the suggestions FNS made in its written response regarding Recommendation No. 1 and exhibit A – Summary of Monetary Results. We incorporated their comments in the applicable sections of the report and attached a copy of the comments as exhibit D.

**OIG Position**

The Findings and Recommendations section of the report explains those actions necessary for us to consider management decisions on Recommendations Nos. 1, 2, 3, and 4. In order to reach management decisions, we will need to be advised of the specific actions completed or planned along with acceptable dates for completing the contemplated actions and evidence of actions taken to recover the unaccounted commodities.

### ***Abbreviations Used in This Report***

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the Act	Richard B. Russell National School Lunch Act
CFR	Code of Federal Regulations
FNS	Food and Nutrition Service
FSMC	Food Service Management Company
NSLP	National School Lunch Program
OIG	Office of Inspector General
POS	Point of Service
RFP	Request for Proposal
SBP	School Breakfast Program
SFA	School Food Authority
USDA	United States Department of Agriculture

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# ***Background and Objectives***

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## **Background**

On June 4, 1946, Congress passed the National School Lunch Act,<sup>2</sup> now the Richard B. Russell National School Lunch Act (the Act), which authorizes Federal assistance to school lunch programs. The intent of the Act, as amended December 29, 2001, is to safeguard the health and well-being of the Nation's children by providing them with nutritious foods and to encourage the domestic consumption of nutritious agricultural commodities and other foods. This is accomplished by assisting States, through grants-in-aid and other means, in providing an adequate supply of food and facilities for the establishment, maintenance, operation, and expansion of nonprofit school lunch programs.

The Act, as amended, authorizes the payment of general and special assistance funds to States based upon the number and category of lunches served. Section 4 of the Act authorizes general cash assistance payment for all lunches served to children in accordance with the provisions of the National School Lunch Program (NSLP) and additional special cash assistance for lunches served under the NSLP to children determined eligible for free or reduced-price lunches. The States are reimbursed at various rates per lunch, depending on whether the child was served a free, reduced-price, or full-price (paid) lunch. Eligibility of children for free or reduced-price lunches is based upon their family's household size and income, as listed in the Food and Nutrition Service (FNS) Income Eligibility Guidelines, which are reviewed annually.

FNS is the United States Department of Agriculture (USDA) agency responsible for administering the NSLP and School Breakfast Program (SBP). FNS is headquartered in Alexandria, Virginia, and has seven regional offices nationwide. The FNS Mountain Plains Regional Office, located in Denver, Colorado, is responsible for monitoring and overseeing operations in Missouri. The Missouri Department of Elementary and Secondary Education, Division of Administrative and Financial Services – School Foods, serves as the State agency and is responsible for overseeing program operations within Missouri. The School Food Authority (SFA) located in Platte City, Missouri, is responsible for operating the NSLP in accordance with regulations. Each State agency is required to enter into a written agreement with FNS to administer the NSLP/SBP and each State agency enters into agreements with SFA's to oversee day-to-day operations. The SFA administered the NSLP/SBP in six public schools. The SFA contracted with a commercial Food Service Management Company (FSMC) to prepare the meals.

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<sup>2</sup> 42 U.S. Code 1751.

The fiscal year 2002 funding for the NSLP was \$6 billion for meal reimbursements of approximately 4.7 billion lunches. The Missouri State agency received approximately \$104.5 million for the NSLP, \$28.7 million for the SBP, \$1 million for the after school snack program, and \$400,000 for the special milk program in Federal reimbursements for fiscal year 2002. For school year 2001/2002, Missouri provided State funds of approximately \$2.3 million to SFAs.

The general NSLP requirements are codified in Title 7, Code of Federal Regulations (CFR) 210. Requirements for determining eligibility for free and reduced-price meals and free milk are codified in 7 CFR 245. In accordance with 7 CFR 250, USDA also provides donated foods to SFAs to assist in operating the nonprofit lunch program. The Missouri State agency provides actual commodities to each public school participating in the NSLP/SBP, with the exception of one district. Generally, schools must collect applications on an annual basis from households of enrolled children and make annual determinations of their eligibility for free or reduced-price meals. These schools must also count the number of free, reduced-price, and paid meals at the point of service (POS) on a daily basis.

## **Objectives**

The objectives of our review were to evaluate controls over the administration of the NSLP and SBP. We evaluated policies and procedures over meal accountability and oversight of program operation. To accomplish this, we evaluated (1) the accuracy of collections and accounting for reimbursed meals, (2) the accounting and use of program funds relating to the SFA's procurement of goods and services, and (3) the accounting for the SFA's school food service account.



# Findings and Recommendations

## Section 1. Internal Controls Over the NSLP/SBP

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### Finding 1

#### **The SFA Lacked Internal Controls and Inadequately Monitored the FSMC**

The SFA lacked internal controls to monitor terms of the contract with the FSMC to ensure that it received full credit for the value of USDA-donated commodities. In addition, internal controls provided by the SFA's computer system could be bypassed, which could have allowed ineligible meals to be claimed for reimbursement. The SFA did not perform the required onsite reviews. Also, for the 2001/2002 school year, the SFA did not reconcile differences between the FSMC's reported number of meals served to the SFA's meal counts and to general ledger accounts. (However, corrective actions were initiated for the 2002/2003 school year.) As a result, we determined \$8,281 of commodities were not credited to the SFA or otherwise accounted for in the 2002/2003 school year. In addition, the SFA lacked assurance that the bills submitted by the FSMC, the reimbursement claims, and the financial reports were correct. Finally, the SFA sold prohibited foods of minimal nutritional value during meal periods.

Federal regulations require that internal controls must maintain effective control and accountability for all grants and subgrants, cash, real and personal property, and other assets. The grantee and subgrantees must adequately safeguard all such property and assure that it is used solely for the authorized purposes.<sup>3 4</sup> The SFA is required to perform onsite reviews annually.<sup>5</sup>

#### a. SFA Did Not Ensure That Full Credit for USDA-Donated Commodities Was Received From the FSMC.

The SFA was not monitoring the food service program to ensure that the FSMC gave it full credit for all federally-donated foods used. Also, the SFA did not perform beginning and ending inventories of USDA commodities, as provided under the terms of the contract with the FSMC. As a result, \$8,281 of commodities were not credited to the SFA or otherwise accounted for (see exhibit C).

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<sup>3</sup> 7 CFR 3016.20(b)(3).

<sup>4</sup> FNS officials noted that the Federal requirements for the SFA to assure the accuracy of the reimbursement claim, including the specific edits and procedures to be followed to help assure this accuracy, are the sole "controls" or checks that are specifically set forth for SFA's to follow. However, the officials agreed that any SFA that utilizes an FSMC should always check the company's billings for meals against the number of meals that the SFA has computed for its reimbursement claim each month, primarily to review the FSMC billing accuracy, but also as a prudent check on its own computations. The officials noted that when this comparison of SFA claim calculations to FSMC billings is made, any discrepancies should be investigated and resolved to assure the accuracy of claims and billings.

<sup>5</sup> 7 CFR 210.8(a)(1).

The SFA shall ensure that all federally-donated foods received by the SFA are fully utilized and made available to the FSMC accrue only to the benefit of the SFA.<sup>6</sup> The addendum to the March 18, 1999, contract requires the SFA to conduct a yearend reconciliation to ensure that the SFA received credit for the full value of all USDA-donated commodities.

The original contract with the FSMC did not have a specific provision requiring the FSMC to credit the SFA's food service account the full value of USDA-donated commodities used. The annual renewal for the 2002/2003 school year contained an addendum to the March 18, 1999, contract which included a provision that required the FSMC to credit the full value of USDA-donated commodities used of at least \$0.15 per meal to the SFA.

SFA officials told us they did not perform a beginning or ending inventory of USDA commodities and did not determine if the SFA received full credit for all commodities used for the food service program. They said that they limited monitoring of the FSMC to periodic visits made to school cafeterias.

We calculated commodity usage for the 2002/2003 school year by adding the beginning inventory value to the value of commodities distributed, according to the State agency, then subtracted the ending inventory and credit adjustments. We then compared our calculation of the amount of commodities used to the amount of credit given to the SFA for commodities used by the FSMC (see exhibit C).

b. SFA Internal Controls Are Inadequate to Ensure Accurate Claims for Reimbursement.

The SFA's internal controls were not adequate to ensure that reimbursement claims were accurate. The SFA's computer system allowed a reimbursable meal to be entered as a cash transaction without any student identification associated with the transaction. As a result, the SFA may have claimed reimbursement for ineligible meals.

The SFA is responsible for establishing internal controls that ensure the accuracy of meal counts for paid, free, and reduced-price meals.<sup>7</sup> The SFA's claim for reimbursement must ensure that schools do not request payment for more than one meal per child per day.<sup>8</sup>

The SFA used a computer system to determine if students were eligible for a reimbursable meal at the POS and to tally reimbursable meals. The

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<sup>6</sup> 7 CFR 210.16(a)(6).

<sup>7</sup> 7 CFR 210.8(a)(2)(i)(A).

<sup>8</sup> 7 CFR 210.7(c)(1)(v).

computer system had controls to prevent the SFA from claiming second meals as reimbursable meals. However, the clerks were overriding the system by visually identifying students and determining the student's eligibility status for a reimbursable meal without appropriate supporting documentation, such as a roster, etc., and without associating the meal to the student's account (bypasses the computer system controls designed to prevent reimbursement for second meals). While FNS does not require a student to be associated to each meal claimed, the overrides by the clerk prevented the system in place from ensuring accurate meal counts. For example, on May 23, 2003, we observed lunch being served and were not able to associate 20 meals (16 full-priced, 3 reduced, and 1 free) that were claimed for reimbursement to individual students. We could not determine if the 20 meals were served to eligible students or if the students received a second meal, which is not reimbursable.

c. Reconciliations Were Not Always Performed.

The SFA did not always reconcile the meal counts generated by the meal accountability system to the number of meals billed by the FSMC. Also, there was not always a reconciliation of the general ledger amount of program receipts to the number of paid and reduced-price meal counts generated by the meal accountability system. The SFA had no procedures to reconcile meal counts with the FSMC to ensure the proper determination of the number of meals served per day during the 2001/2002 school year. However, during the 2002/2003 school year improvements were made, including reconciling the number of meals claimed with the FSMC and the general ledger amount of program receipts. As a result, during the 2001/2002 school year the SFA did not have effective controls to ensure it did not pay the FSMC for meals not served or overstate meals claimed for reimbursement.

Federal regulations require that internal controls must maintain effective control and accountability for all grants and subgrants, cash, real and personal property, and other assets. The grantee and subgrantees must adequately safeguard all such property and assure that it is used solely for the authorized purposes.<sup>9</sup> The State agency requires all program receipts (received for reimbursable and nonreimbursable lunches and breakfasts) to be reported separately from nonprogram operations (a la carte, extra milk, banquets, etc.).<sup>10</sup>

The SFA's files contained an analysis prepared by the independent auditor which attempted to compare reported meals to program receipts. The analysis for school year 2001/2002 showed approximately \$11,500 more revenue in the general ledger account for program receipts than

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<sup>9</sup> 7 CFR 3016.20(b)(3).

<sup>10</sup> State agency NSLP Administrative Handbook, July 2000.

supported by the number of meals reported to the State agency. SFA officials informed us that after informal communications about reconciliations with the independent auditors, they began to implement changes of computer software, hardware, and perform reconciliations between the SFA meal counts and the FSMC bill beginning with the 2002/2003 school year.

We expanded our scope, as a result of the changes, and determined that the SFA had made improvements during the 2002/2003 school year. We determined that the SFA currently compares the number of meals billed by the FSMC to the number of meals determined by the SFA. Because of the SFA's lack of reconciliations, there was reduced assurance the meal counts for the 2001/2002 school year were correct. Based on the work done by the independent auditors, and the fact that meals purchased from the FSMC exceeded the number of meals claimed for reimbursement, we considered the number of meals claimed to be reasonable for the 2001/2002 school year. Since the SFA improved controls, and we found no material errors for the current year, we are not making any recommendations concerning this condition.

d. Annual Onsite Reviews Not Performed.

The required annual onsite reviews were not being performed to ensure that the meal accountability systems were being followed.<sup>11</sup> The SFA personnel were not aware of the need to complete onsite reviews. As a result, the SFA could not ensure that the schools under its jurisdiction complied with the Methods of Collections and Meal Counting agreement with the State agency.

The Annual Onsite Review Form requires the reviewer to determine if collection procedures match the approved collection procedures and that meal counts are accurate. The Methods of Collections and Meal Counting agreement with the State agency documents the computerized system, which uses meal cards that were scanned at the POS. The computer system records when students are eligible for a reimbursable meal.

Had the SFA performed the annual onsite reviews, it should have detected that the method of coding cash transactions reduced assurance that only eligible meals were claimed.

e. SFA Improperly Sold Foods of Minimal Nutritional Value.

We observed vending machines (located in the lunch area) which were readily available and used by students during meal service periods. The SFA had removed a wall which previously separated the vending

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<sup>11</sup> 7 CFR 210.8(a)(1).

machines from the lunch area. The SFA officials said they considered the machines to be located in the hallway and not part of the lunch serving area. Because there were no barriers to the vending machines, which were available during lunch, the SFA was selling prohibited foods to students in competition with the NSLP/SBP.

Federal regulations<sup>12</sup> prohibit the sale of foods of minimal nutritional value in the dining areas during the lunch meal periods. Such foods of minimal nutritional value include<sup>13</sup> soda water, chewing gum, hard candy, and licorice. Federal and State agency guidance<sup>14 15</sup> explain the food service area is where reimbursable meals under the NSLP/SBP are either served or eaten as a cafeteria-type setting in a single room. The entire room constitutes the food service area. A separate area may not be created in a food service area by such expedients as the use of markings on the floor, use of barrier devices, or portable partitions, etc.

Exhibit B shows the location of the vending machines relative to the dining area tables. School officials advised that the pole shown in the pictures replaced a wall. We believe the removal of the wall resulted in the vending machines being located in the dining area in competition with the NSLP/SBP.

## **Recommendation No. 1**

Instruct the State agency to require the SFA to perform a beginning and ending inventory of commodities, as required by the contract, and to perform reconciliations and develop procedures to ensure the FSMC provides credit for the value of all commodities used. Require the State agency to work with the SFA and FSMC to reconcile the total commodities used during the 2002/2003 school year to ensure the SFA is properly credited for the unaccounted commodities valued at \$8,281 or the final amount determined through the reconciliation process.

### **FNS Response.**

FNS generally concurred with Recommendation No. 1 and suggested a minor editorial change to the recommendation, which we incorporated (see exhibit D for the complete response).

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<sup>12</sup> 7 CFR 210.11(b).

<sup>13</sup> 7 CFR 210, Appendix B.

<sup>14</sup> FNS Memorandum, Sale of Foods of Minimal Nutritional Value, dated January 16, 2001.

<sup>15</sup> State agency web site, School Foods, Sale of Foods of Minimal Nutritional Value.

**OIG Position.**

In order to consider management decision, we need to be notified of the proposed dates when the recommended actions to be taken by the SFA will be completed and provided evidence of the amounts credited or recovered for the unaccounted commodities.

**Recommendation No. 2**

Instruct the State agency to encourage the SFA to limit overrides of internal controls designed to ensure that no more than one meal per child per day is claimed for reimbursement.

**FNS Response.**

FNS concurred with Recommendation No. 2.

**OIG Position.**

In order to consider management decision, we need to be notified of the proposed dates when the State agency and SFA intend to complete the contemplated actions.

**Recommendation No. 3**

Instruct the State agency to require the SFA to perform and document the annual onsite reviews.

**FNS Response.**

FNS concurred with Recommendation No. 3.

**OIG Position.**

In order to consider management decision, we need to be notified of the proposed date when the recommended action to be taken by the SFA will be completed.

**Recommendation No. 4**

Require the State agency to instruct the SFA to relocate the vending machines with prohibited foods from the meal serving area or prohibit access during meal serving times to ensure foods of minimal nutritional value do not compete with the NSLP/SBP.

**FNS Response.**

FNS concurred with Recommendation No. 4.

**OIG Position.**

In order to consider management decision, we need to be notified of the proposed date when the recommended action to be taken by the SFA will be completed.

## ***General Comments***

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### **No Procedures to Prorate Interest Income to the Food Service Fund**

The SFA did not have policies or accounting procedures in effect to credit the school food service account with its prorated share of interest earned from the general fund and investments. The SFA was not aware of the Federal regulation<sup>16</sup> requiring interest to be prorated to the food service fund. We did not attempt to calculate the amount of interest to be prorated by the SFA, because the food service account's average balance was too small to have earned any significant interest. However, we believe that if interest earnings increase the SFA should have procedures in place to ensure earnings from the balance in the school food service account are properly recognized in the SFA's accounting system.

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<sup>16</sup> 7 CFR 210.2 definition of revenue shows that a prorated share of interest earned from investments should be credited to the school food service's account.



# ***Scope and Methodology***

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Our review primarily covered NSLP/SBP operations July 1, 2001, to May 31, 2003, concentrating on operations since July 1, 2002. However, records for other periods were reviewed, as deemed necessary. We performed audit work at the FNS Regional office, Missouri State agency, and the SFA in Platte City, Missouri. We selected Platte County R-III based on its location, and the SFA had an FSMC. Fieldwork was performed during the period May through July 2003.

In school years 2001/2002 and 2002/2003, there were four elementary schools, one middle school, and one high school. We reviewed NSLP/SBP claims of all six schools and made observations at one elementary school, the middle school, and the high school. Our audit was performed in accordance with Government Auditing Standards.

To accomplish our review objectives, we reviewed FNS, State agency, and SFA regulations, policies, procedures, manuals, and instructions governing NSLP/SBP operations. We also reviewed the State agency's most recent administrative review of the SFA's NSLP/SBP operations and the SFA's corrective actions taken in response to the administrative review findings and recommendations. The following audit procedures were also performed:

- Interviewed officials from the State agency, SFA, and FSMC in order to obtain an overview of their method of operation for the NSLP/SBP;
- Evaluated the SFA's procedures used to gather and consolidate monthly meal claims and whether reports are verified for accuracy;
- Evaluated edit check controls used to assure the reasonableness of claims for reimbursement when daily meal counts, by category, exceeded average daily attendance;
- Reviewed the SFA's accounting system, which included a review of program funds and interest on those funds;
- Analyzed the monitoring efforts of the SFA through a review of the onsite accountability reviews conducted during school years 2001/2002 and 2002/2003;
- Reviewed the SFA's procedures for issuing Request for Proposal (RFP)/contracts with FSMC to operate the nonprofit food service;
- Reviewed the most recent RFP/contract with the FSMC;

- Compared the number of meals claimed (for each category) by the SFA to the State agency to the number of meals billed by the FSMC on their monthly invoices; and
- Compared the amount of commodities used by the FSMC to the amount of credit given to the SFA for commodities.

## ***Exhibit A – Summary of Monetary Results***

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Exhibit A – Page 1 of 1

Finding No.	Description	Amount	Category
1	FSMC did not Properly Account for the Value of Commodities Used.	\$8,281	<u>1</u> /

1/ Funds To Be Put To Better Use – Management or Operating Improvements/Savings.

## ***Exhibit B*** – Pictures of Vending Machines

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Exhibit B – Page 1 of 2



## ***Exhibit B*** – Pictures of Vending Machines

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Exhibit B – Page 2 of 2



## ***Exhibit C – Commodity Reconciliation***

Exhibit C – Page 1 of 1

<b>Credited Commodities Reconciliation for 2002/2003</b>	
Beginning Inventory per FSMC	\$10,677
Add 2002/2003 Commodities Donated per State	\$37,946
Commodities Available for Use	\$48,623
Less Commodities Credited to SFA <sup>17</sup>	\$32,477
Commodities to be Accounted for per Audit	\$16,145
Less Ending Inventory per FSMC	\$7,865
Unreconciled Difference	\$8,281

<sup>17</sup> Figure includes \$31,947 credit from FSMC for commodities used, plus a \$140 check from the FSMC after its yearend reconciliation of commodity credits, and \$390 for rebates for processed commodities paid to the SFA (\$31,947 + \$140 + \$390 = \$32,477).

# Exhibit D – FNS Reply to Official Draft

Exhibit D – Page 1 of 1



United States  
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Food and  
Nutrition  
Service

Mountain  
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Region

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Reply to  
Attn of: 27010-21-KC

FEB 05 2004


Subject: Official Draft – Audit Report No. 27010-21-KC, National School Lunch Program –  
Platte County R-III District, Platte City, Missouri

To: Dennis J. Gannon  
Regional Director General for Audit  
Office of Inspector General  
8930 Ward Parkway, Suit 3016  
Kansas City, Missouri 64114-3302

We have received the above-referenced official draft audit report. We concur with Recommendation No. 1; however, after the phrase “valued at \$8,281” we would like these or similar words added to complete the sentence: “or the final amount determined through the reconciliation process.”

Further, in Exhibit A – Summary of Monetary Results, the unrecovered value of commodities is classified as “Unsupported Costs, Recovery Recommended”. We would like the value of commodities that are to be recovered and credited to the SFA’s school food service account to be classified as “Funds To Be Put To Better Use”.

We concur with Recommendations Nos. 2, 3 and 4. If you have any questions, please contact Joe Fisher at (303) 844-0354.

 DARLENE SANCHEZ  
Regional Director  
Special Nutrition Programs

